

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 880 - Title Transfer for Housing Trust Funds (LSB 1357 YH)

Analyst: Russell Trimble (Phone: (515) 281-4613) (russ.trimble@legis.state.ia.us)

Fiscal Note Version - New

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**Description**

House File 880 reduces each year the percentage of real estate transfer tax that is deposited into the General Fund and deposits those funds into the State Housing Trust Fund, while maintaining the percentage of funds that are deposited into the Shelter Assistance Fund.

**Background**

1. Currently, counties remit 82.75% of real estate transfer tax collected to the State. The Bill does not change this percentage.
2. Under current law, 95.0% of the funds remitted to the State are deposited into the General Fund, and 5.0% are deposited into the Shelter Assistance Fund. House File 880 proposes to change the percentage of real estate transfer tax deposited into the State General Fund to 70.0% in FY 2006 and reduce the percentage by 5.0% per year until FY 2010. The percentage deposited to the Shelter Assistance Fund does not change and the percentage deposited to the Housing Trust Fund is 25.0% in FY 2006 and increases by 5.0% per year until FY 2010 when it would be 45.0% of the real estate transfer tax collected by the State. For FY 2010 and subsequent fiscal years, the percentages will remain at 50.0% deposited to the General Fund; 5.0% to the Shelter Assistance Fund, and 45.0% to the Housing Trust Fund. The table below summarizes the proposed changes in HF 880:

Fiscal Year	Deposit of Funds Remitted to State		
	General Fund	Shelter Asst. Fund	Housing Trust Fund
2006	70.0%	5.0%	25.0%
2007	65.0%	5.0%	30.0%
2008	60.0%	5.0%	35.0%
2009	55.0%	5.0%	40.0%
2010	50.0%	5.0%	45.0%
2011	50.0%	5.0%	45.0%

**Assumptions**

1. The average annual growth of real estate transfer tax receipts over the last nine years has been approximately 8.6%. This growth will continue in subsequent fiscal years.
2. If House File 880 does not become law, the State would continue to receive 82.75% of the real estate transfer tax receipts which will continue to grow at 8.6% per year. Of this amount, 95.0% would continue to be deposited into the General Fund and 5.0% would continue to be deposited into the Shelter Assistance Fund.
3. Data in the tables below are estimates factoring in an 8.6% annual rate of growth in total receipts.

## **Fiscal Impact**

Fiscal Year	Current Law			
	General Fund Receipts	Shelter Asst. Fund	County Portion	Total
2006	\$ 17,239,140	\$ 907,323	\$ 3,782,797	\$ 21,929,260
2007	\$ 18,721,706	\$ 985,353	\$ 4,108,118	\$ 23,815,177
2008	\$ 20,331,772	\$ 1,070,093	\$ 4,461,416	\$ 25,863,282
2009	\$ 22,080,305	\$ 1,162,121	\$ 4,845,098	\$ 28,087,524
2010	\$ 23,979,211	\$ 1,262,064	\$ 5,261,776	\$ 30,503,051
2011	\$ 26,041,423	\$ 1,370,601	\$ 5,714,289	\$ 33,126,314

Fiscal Year	Proposed Law				
	Gen. Fund Receipts	Shelter Asst. Fund	Housing Trust Fund	County Portion	Total
2006	\$ 12,702,524	\$ 907,323	\$ 4,536,616	\$ 3,782,797	\$ 21,929,260
2007	\$ 12,809,588	\$ 985,353	\$ 5,912,118	\$ 4,108,118	\$ 23,815,177
2008	\$ 12,841,119	\$ 1,070,093	\$ 7,490,653	\$ 4,461,416	\$ 25,863,282
2009	\$ 12,783,334	\$ 1,162,121	\$ 9,296,970	\$ 4,845,098	\$ 28,087,524
2010	\$ 12,620,637	\$ 1,262,064	\$ 11,358,574	\$ 5,261,776	\$ 30,503,051
2011	\$ 13,706,012	\$ 1,370,601	\$ 12,335,411	\$ 5,714,289	\$ 33,126,314

House File 880 will reduce General Fund revenues by the amounts deposited each year into the State Housing Trust Fund as shown in the table above.

## **Source**

Legislative Services Agency

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April 27, 2005

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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